



# CITY OF SANTA BARBARA

## COUNCIL AGENDA REPORT

**AGENDA DATE:** March 17, 2009

**TO:** Mayor and Councilmembers

**FROM:** Airport Administration, Airport Department

**SUBJECT:** Introduction Of Ordinance For Lease Agreement With MAG Aviation Fuel For A Self-Service Fueling Operation

**RECOMMENDATION:** That Council:

- A. Approve and authorize, contingent on approval of a zoning change, the Airport Director to execute a five-year Lease Agreement, with one five-year option, with MAG Aviation Fuel (MAG), a partnership, for operation of a self-service fueling operation at 1600 Cook Place, at the Santa Barbara Airport, for a monthly base rental of \$675 or \$0.05 per gallon fuel flowage fees, whichever is greater; and
- B. Introduce and subsequently adopt, by reading of title only, An Ordinance of the Council of the City of Santa Barbara Approving, Contingent on Approval of a Zoning Change, a Five-Year Lease Agreement, With One Five-Year Option, With MAG Aviation Fuel, a Partnership, for Operation of a Self-Service Fueling Operation at 1600 Cook Place, at the Santa Barbara Airport Commencing Upon Construction of the Facility.

### **DISCUSSION:**

#### Background

In response to requests from the general aviation community, the Airport requested proposals for the installation and operation of a self-service fuel facility. The Request for Proposal process was initiated after staff contacted the two Fixed Base Operators to determine their interest; however, both corporations (Signature Flight Support and Atlantic Aviation) declined the opportunity based on their business model.

A Request for Proposal (RFP) for a self-service fueling operator was developed; input was obtained from the general aviation community and Airport Commission General Aviation Sub-committee. The RFP was circulated to known operators; advertisements were placed in local and national media as well as the Airport's website.

A mandatory pre-proposal meeting was held with six companies attending, potential Airport sites were toured, construction/project development and the permitting process was explained.

MAG Aviation was the only company to submit a proposal. A selection committee, comprised of three Airport Commissioners, the Lompoc Airport Manager, and Airport staff, reviewed the proposal and requested that MAG submit additional information. Satisfied with the submittal, the Selection Committee recommended that MAG Aviation be selected and that staff complete lease negotiations.

At its regular meeting on February 18, Airport Commission unanimously recommended that Council approve the proposed lease with MAG.

### Proposed Lease

The lease with MAG Aviation Fuel to construct and install one 12,000 gallon AVGas fuel tank with appropriate containment at 1600 Cecil Cook Place (the former Forest Service Ramp) is contingent upon final approval of the zoning change. The premises will consist of 11,250 square feet of ramp.

MAG will pay a base monthly rental of \$675 (\$0.06 per square foot) or \$0.05 per gallon in Fuel Flowage Fees, whichever is greater.

A \$35,000 Performance Bond, representing the estimated cost of construction of the facility, will be provided by MAG. A License for Access to the Premises will be granted during construction. The Lease will commence upon final inspection of the facility by the Building Department of the City of Santa Barbara.

MAG will partner with an on-airport business to provide the necessary daily fuel testing and troubleshooting of the facility.

The initial term of the Lease will be five years. MAG's performance will be evaluated annually. If at the end of the initial term, MAG has met all lease terms, then the City shall have the sole option to extend the term of the lease for another five years.

Due to an inadvertent zoning map error, the area that includes the proposed MAG leased premises is in the process of being rezoned to allow aviation facility uses.

### Zoning Change

In 2001 the City Council adopted a new Airport Zoning Map to implement changes necessary for the implementation of the Airfield Safety Projects pursuant to the Aviation Facilities Plan. The adopted map contained an inadvertent rezone of approximately 9 acres of Aviation Facilities Zone to Airport Approach and Operations. This area included a hangar and portions of 4 other buildings that are currently non-conforming to their land use zone.

On January 8, 2009, Planning Commission initiated proceedings and recommended approval of a Zoning Ordinance Amendment. On February 10, 2009, Council approved a Zoning Ordinance Amendment to change the zoning to reinstate the Aviation Facilities Zone to the area affected by the mapping error.

The proposed amendment would rezone 9.04 acres of land at the Airport from Airport Approach and Operations Zone (A-A-O), Airport Industrial Area Specific Plan Zone (SP-6), Coastal Zone Overlay (S-D-3) to Aviation Facilities Zone (A-F), Airport Industrial Area Specific Plan Zone (SP-6), Coastal Zone Overlay (S-D-3). The boundary of the proposed rezone area follows the hold-short line for Taxiway C from the current A-A-O boundary to the Object Free Area boundary parallel to Taxiway H. The boundary would follow the Object Free Area to the current western A-A-O boundary. A hangar, cargo terminal, electrical vault, and portions of two light industrial tenant buildings are located in the proposed rezone area.

#### Next Steps

The zoning amendment requires approval by the Coastal Commission. It is anticipated that this request will be placed on the next available agenda as a consent item.

**PREPARED BY:** Hazel Johns, Assistant Airport Director

**SUBMITTED BY:** Karen Ramsdell, Airport Director

**APPROVED BY:** City Administrator's Office